

Message Text

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43

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ADP-00 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 SS-15 NSC-10 PA-03 PRS-01

USIA-15 L-03 H-03 SCEM-02 INT-08 RSR-01 /171 W

----- 070901

R 280950Z AUG 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 6308

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L TOKYO 11013

E.O. 11652: GDS

TAGS: ENRG, JA, UR, US

SUBJ: TYUMEN OIL

SUMMARY: SOVIETS RECENTLY TOLD JAPANESE THAT THEY WOULD NEED ADDITIONAL \$300 MILLION CREDIT TO FINANCE EXPLORATION FOR OIL IN TYUMEN AREA, BUT THAT CONSTRUCTION OF PIPELINE COULD PROCEED TOGETHER WITH EXPLORATION. ACCORDING JAPANESE, OXY CHAIRMAN HAMMER MAINTAINS THAT SOVIETS BELIEVE CONSTRUCTION SHOULD BE DELAYED UNTIL ADDITIONAL RESERVES CONFIRMED. END SUMMARY.

1. AT HIS REQUEST, JUNZO HIGAKI, EXECUTIVE DIRECTOR OF OVERSEAS PETROLEUM CORP (OPC), CALLED ON EMBOFF AUG 23 TO DISCUSS TYUMEN OIL PROJECT. HIGAKI NOTED THAT HE AND HIROKI IMAZATO, OPC PRESIDENT, HAD RECENTLY RETURNED FROM MOSCOW WHERE THEY HAD HAD DISCUSSIONS WITH SOVIET TRADE OFFICIALS. PRIOR TO THAT (ABOUT AUG 5) IMAZATO AND HIGAKI HAD MET DR. ARMAND HAMMER IN PARIS. HIGAKI, WHO OBVIOUSLY CONCERNED ABOUT ROLE OCCIDENTAL OIL MAY PLAY IN TYUMEN PROJECT, SAID HAMMER HAD PRESENTED DIFFERENCE VERSION OF SOVIET ATTITUDES IN PARIS THAN IMAZATO HAD SUBSEQUENTLY HEARD DIRECTLY FROM SOVIETS IN
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MOSCOW. ACCORDING HAMMER, SOVIETS HAD REALIZED THAT THEY ARE FACING RISING DOMESTIC DEMAND FOR OIL AND GROW-

ING REQUIREMENTS IN EASTERN EUROPE. FOR THIS REASON, SOVIETS BELIEVED THAT ADDITIONAL EXPLORATION WOULD HAVE TO BE CARRIED OUT IN TYUMEN AREA PRIOR TO CONSTRUCTION OF TYUMEN PIPELINE.

2. HIGAKI TOLD EMBOFF THAT TRADE OFFICIALS IN MOSCOW HAD INDEED TOLD IMAZATO THAT ADDITIONAL EXPLORATION WOULD BE NECESSARY IN TYUMEN AREA AND HAD REQUESTED FURTHER CREDITS OF \$300 MILLION. HOWEVER, ACCORDING HIGAKI, SOVIETS VERY CONFIDENT THAT AS YET UNPROVEN RESERVES ARE SUFFICIENT TO PERMIT OIL EXPORTS TO JAPAN AND THUS TOLD IMAZATO THAT NEW EXPLORATION AND CONSTRUCTION OF PIPELINE COULD PROCEED SIMULTANEOUSLY.

3. AS FOR US PARTICIPATION, DR. HAMMER WAS SAID TO HAVE TOLD IMAZATO THAT SOVIETS HAD NO OBJECTION TO FULL US PARTICIPATION. HIGAKI CONFIRMED THIS, BUT ADDED SOVIETS SAID THAT DECISION ON EXTENT AND FORM OF US PARTICIPATION WOULD BE LEFT UP TO JAPAN.

4. IMAZATO HAS WRITTEN TO HAMMER (LETTER DATED AUG 15) ALONG LINES OF PARS 1-3 ABOVE.

5. COMMENT: IT IS SIGNIFICANT THAT SOVIETS HAVE APPARENTLY COME TO CONCLUSION THAT ADDITIONAL EXPLORATION WILL BE NECESSARY TO SUPPORT EXPORTS OF UP TO 40 MILLION TONS OF OIL PER YEAR THROUGH TYUMEN PIPELINE. THIS IS CONSISTENT WITH PREVIOUS HINT BY SOVIET AMBASSADOR TROYANOVSKY TO THE AMBASSADOR THAT SOVIET UNION NOW PAYING MORE ATTENTION TO IT OWN ENERGY REQUIREMENTS IN RELATION TO TYUMEN PIPELINE PROJECT. TWO VERSIONS OF SOVIET ATTITUDE ON WHETHER FURTHER EXPLORATION AND CONSTRUCTION OF PIPELINE CAN PROCEED SIMULTANEOUSLY PERHAPS REFLECT CONTINUING DIVISION WITHIN SOVIET GOVERNMENT. HIGAKI'S REPORT, HOWEVER, INDICATES THAT SOVIET DISCUSSION NOW FOCUSSED ON COMPROMISE PLAN FOR ADDITIONAL OIL EXPLORATION, RATHER THAN ACTUAL PROS AND CONS OF PIPELINE CONSTRUCTION.

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